

SECTION

4



Montana-Dakota Utilities Co.
A Division of MDU Resources Group, Inc.
400 N 4th Street
Bismarck, ND 58501

**State of South Dakota
Gas Rate Schedule – SDPUC Volume No. 2**

Section No. 4
5th Revised Sheet No. 1
Canceling 4th Revised Sheet No. 1

LIST OF GAS CONTRACTS WITH DEVIATIONS

Page 1 of 1

<u>Name and Location of Customer</u>	<u>Type or Class of Service</u>	<u>Execution and Expiration Dates</u>	<u>Most Comparable Regular Tariff</u>	
			<u>Schedule No.</u>	<u>Contract Differences</u>
Morris, Inc.	Firm Commercial	05-10-01 To 11-16-11	Rate 76	Rate
Merillat Corporation	Firm Commercial	11-01-06 To 10-31-07	Rate 70	Rate

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Date Filed: July 21, 2006 **Effective Date:** November 1, 2006
Issued By: Donald R. Ball
Vice President-Regulatory Affairs
Docket No.: NG06-005

ATTACHMENT
AMENDMENT NO. 3
LETTER AGREEMENT

THIS AMENDMENT to LETTER AGREEMENT, made in duplicate this 10 day of May, 2001, by and between Morris Inc., Fort Pierre, SD, hereinafter referred to as "Morris", and MONTANA-DAKOTA UTILITIES CO., a division of MDU Resources Group, Inc., 400 North Fourth Street, Bismarck, North Dakota, hereinafter referred to as "Montana-Dakota",

WITNESSETH:

WHEREAS, as of April 19, 1996 Morris and Montana-Dakota entered into a Letter Agreement whereby Montana-Dakota undertook the construction of natural gas facilities to provide natural gas to Morris' facility located on East Highway 34 in Pierre, SD and,

WHEREAS, said Letter Agreement was to remain in effect for a period of four (4) years from the date natural gas service was available to the Morris facilities and,

WHEREAS, Morris and Montana-Dakota now mutually desire to modify said Letter Agreement and its Attachment Amendments No.1 and No. 2.

NOW THEREFORE, in consideration of the mutual covenants contained in said Agreement and herein, the parties agree as follows:

1. To delete paragraph 2, of Letter Agreement in its entirety and insert in lieu thereof a new paragraph 2 to read as follows:

"Montana-Dakota agrees to provide full requirements natural gas service to Morris' facilities based upon Rate 66 plus the total cost of gas delivered to the town border station stated at a 100% load factor basis and subject to the Purchased Gas Cost Adjustment Rate 89."

2. To delete paragraph 3, of Letter Agreement in its entirety.

3. To delete paragraph 5, of Letter Agreement in its entirety and insert in lieu thereof a new paragraph 5 to read as follows:

coal is
thrust

NG03-005

FIRM GAS SERVICE AGREEMENT

THIS AGREEMENT, made this 2 day of October, 2003, is by and between MONTANA-DAKOTA UTILITIES CO., a Division of MDU Resources Group, Inc., a Delaware corporation, hereinafter called "Company", and Merillat Corporation located at Rapid City, South Dakota, hereinafter called "Customer".

WHEREAS, Customer is presently a firm service customer of Company and Company currently has sufficient capacity available to provide such service; and

WHEREAS, Company and Customer desire to enter into a new agreement which will satisfy Customer's request for firm gas service;

NOW, THEREFORE, Company and Customer, each in consideration of the terms and conditions of this Agreement, agree as follows:

1. Delivery Quantities: Customer requests and Company agrees to provide Customer firm natural gas service with a maximum daily delivery quantity (MDDQ) of 2,800 decatherms (dk). In no event is Company obligated to provide more than 2,800 dk of firm gas on any day. Should, however, Customer require volumes in excess of this maximum, and provided Company determines such volumes to be available, all volumes purchased by Customer in excess of 2,800 dk per day will be provided on an interruptible basis and pursuant to the "Maximum Rate per dk" under Montana-Dakota's authorized Large Interruptible General Gas Service (Rate 85). The terms and conditions of Rate 85 will be in effect for all volumes sold to Customer in excess of 2,800 dk per day.
2. Term: Deliveries and charges hereunder shall commence on November 1, 2003 and expire on October 31, 2004, unless amended by the Parties in writing.
3. Pipeline Charges: Customer agrees to pay Company the Commission authorized pipeline related charges as set forth in the Company's Purchased Gas Cost Adjustment Rate 88 as restated to reflect an allocation of demand charges at a 100% load factor equivalent basis.
4. Distribution Charges: Customer agrees to pay Company a base rate of \$150.00 per month and a distribution commodity charge of \$0.348 per dk for firm natural gas service hereunder.
5. Firm Gas Commodity Charges: To the extent possible, Company agrees to provide Customer with fixed price quotations for firm gas commodity supply at mutually agreeable times for each contract

year or other agreed upon period. It is understood that the fixed price quotations will be subject to prevailing market conditions which are largely beyond the control of Company. Customer shall have the option of accepting the proposed fixed price for the agreed upon natural gas commodity by notifying Company of their intent to do so within fifteen (15) minutes of receiving a quotation. If Customer chooses not to accept the proposed fixed price, or to accept the fixed price for only a portion of the total gas requirements, Customer shall pay the commodity price per dk for natural gas adjusted for distribution losses, as established in the monthly Purchased Gas Cost Adjustment Rate 88 for all firm volumes not covered by the fixed price option. Customer agrees to pay Company monthly for the actual quantity of natural gas delivered, regardless of the firm gas commodity pricing option selected. The Unrecovered Purchased Gas Cost Adjustment procedures and Surcharge Adjustment prescribed in the Purchased Gas Cost Adjustment Rate 88 will apply to either gas commodity pricing option.

6. Daily Nominations: Company shall perform all nominations for deliveries hereunder; provided, however, that Customer and Company shall consult on a periodic basis regarding natural gas service requirements and Customer shall provide timely notice to Company of potential non-weather related gas requirement changes that may appreciably affect daily or monthly natural gas usage levels.
7. Penalties: In the event Customer uses natural gas in excess of the MDDQ set forth in Paragraph 1, the penalty for failure to curtail or interrupt provision set forth in the currently effective Rate 85 rate schedule shall apply. Company, in its discretion, may physically restrict Customer's supply of natural gas to the MDDQ set forth in Paragraph 1 in the event Customer fails to curtail or interrupt use of natural gas in excess of this MDDQ.
8. Taxes: In addition to the rates specified above, Company shall collect from Customer and Customer agrees to pay Company the sales, use, excise, or other such taxes and city fees that are legally effective and applicable to the service provided hereunder.
9. Delivery Point: Delivery of natural gas under this Agreement shall be at Company's meter and regulation facilities located on Customer's property at 4300 S. Highway 79, Rapid City, SD 57709.
10. Metering and Measurement: Company will meter the quantity of natural gas delivered to Customer at the delivery point set forth in Paragraph 9. Such meter measurement will be conclusive upon both parties unless such meter is found to be inaccurate by more than two percent, in which case the quantity supplied Customer shall be determined between Company and Customer by calculations

taking into consideration the time of year, the schedule of Customer's operations and other pertinent facts. Company will test meters in accordance with applicable state utility rules and regulations. Customer shall maintain and pay for necessary electric power and telephone service required for Company's electronic measurement equipment.

11. Terms & Conditions of Service Payment: Service under this Agreement is subject to the terms and conditions of service set forth in General Provisions of Rate 100 or any amendments thereto.
12. Assignment: Customer agrees it will not assign this Agreement except upon written consent of Company.
13. Government Regulation: The terms of this Agreement are subject to approval by the South Dakota Public Utilities Commission and to all valid laws, orders, rules and regulations of any and all other duly constituted authorities having jurisdiction over the subject matter herein. Company reserves the right to make unilateral rate filings for rate changes or new rates with the South Dakota Public Utilities Commission.
14. Entire Agreement: This is the entire Agreement between the parties hereto and may be amended only by written agreement, properly executed by both parties.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date and year above written.

CUSTOMER

COMPANY

MERILLAT CORPORATION

MONTANA-DAKOTA UTILITIES CO.
A Division of MDU Resources Group, Inc.

By: Richard E. Krull
Richard E. Krull
Plant Manager
Rapid City Plant

By: David L. Goodin
David L. Goodin
Vice President of Operations

Witness: Wayne Bunge
* WAYNE BUNGE
Title: PLANT ENGINEER

*Please type or print the names below the signature lines.